

# Income Quick Reference Guide



This list is a quick reference and volunteers should refer to Publication 17 for more information. Do not rely on this list alone. Some of the income items on this chart are out of scope for VITA/TCE. Refer taxpayers with out of scope income to a professional tax preparer. Confirm that all income received by the taxpayer has been discussed and shown on the return, if required.

## Table A – Examples of Taxable Income

(Examples of income to consider when determining whether a return must be filed or if a person meets the gross income test for qualifying relative)

|   |  |
|---|--|
| Wages, salaries, bonuses, commissions<br>Alimony<br>Annuities<br>Awards<br>Back pay<br>Breach of contract<br>Business income/Self-employment income<br>Compensation for personal services<br>Debts forgiven <sup>1</sup><br>Director's fees<br>Disability benefits (employer-funded)<br>Discounts<br>Dividends<br>Employee awards<br>Employee bonuses<br>Estate and trust income<br>Farm income<br>Fees<br>Gains from sale of property or securities<br>Gambling winnings<br>Hobby income<br>Interest<br>Interest on life insurance dividends<br>IRA distributions<br>Jury duty fees<br>Military pay (not exempt from taxation) | Military pension<br>Notary fees<br>Partnership, Estate and S-Corporation income<br><i>(Schedule K-1s, Taxpayer's share)</i><br>Pensions<br>Prizes<br>Punitive damage<br>Railroad retirement—Tier I (portion may be taxable)<br>Railroad retirement—Tier II<br>Recovery of prior year deduction <sup>2</sup> (medical, property taxes, etc.)<br>Refund of state taxes <sup>2</sup><br>Rents (gross rent)<br>Rewards<br>Royalties<br>Severance pay<br>Self-employment<br>Nonemployee compensation<br>Social security benefits - portion may be taxable -<br><i>(See Income tab, Railroad Retirement, Civil Service, and Social Security Benefits)</i><br>Supplemental unemployment benefits<br>Taxable scholarships and grants<br>Tips and gratuities<br>Unemployment compensation |
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## Table B – Examples of Nontaxable Income

(Examples of income items to exclude when determining whether a return must be filed)

|   |   |
|---|---|
| Aid to Families with Dependent Children (AFDC)<br>Child support<br>Damages for physical injury (other than punitive)<br>Death payments<br>Dividends on life insurance<br>Federal Employees' Compensation Act payments<br>Federal income tax refunds<br>Gifts<br>Inheritance <sup>3</sup> or bequest<br>Insurance proceeds (Accident, Casualty, Health, Life)<br>Interest on tax-free securities<br>Interest on EE/I bonds redeemed for qualified higher education expenses<br>Meals and lodging for the convenience of employer | Payments to the beneficiary of a deceased employee<br>Relocation payments<br>Payments in lieu of worker's compensation<br>Rental allowance of clergyman<br>Sickness and injury payments<br>Social security benefits - portion may not be taxable - <i>(See Income tab, Railroad Retirement, Civil Service, and Social Security Benefits)</i><br>Supplemental Security Income (SSI)<br>Temporary Assistance for Needy Families (TANF)<br>Veterans' benefits<br>Welfare payments (including TANF) and food stamps<br>Worker's compensation and similar payments |
|---|---|

**Footnotes:** <sup>1</sup>If the taxpayer received a Form 1099-C, Cancellation of Debt, in relation to their main home, it can be nontaxable (see Income tab, Screening Sheet for Foreclosures/Abandonments and Cancellation of Debt)

<sup>2</sup>If itemized in year paid and taxes were reduced because of deduction

<sup>3</sup>An inheritance is not reported on the income tax return, but a distribution from an inherited pension or annuity is subject to the same tax as the original owner would have had to pay.